

Atlantic Coast Line Railroad Co.  
Louisville & Nashville Railroad Co. Lessees  
126,000 Shares  
Carolina, Clinchfield and Ohio Railway Leased Line Stock

Authorized \$25,000,000

Outstanding \$25,000,000

Par Value of Shares \$100  
Dividends payable quarterly April, July, October and January.  
Dividends payable by railway exempt from present Normal Federal Income tax

For information regarding Carolina, Clinchfield and Ohio Railway and this stock we refer to the accompanying letter from Mr. N. S. Meldrum, President of the Company, which he has briefly summarized as follows:

**TERMS OF LEASE:** The Atlantic Coast Line Railroad Company and the Louisville & Nashville Railroad Company have leased the properties of Carolina, Clinchfield and Ohio Railway and subsidiaries for a period of 999 years from May 11, 1923, at an annual money rental as follows:

3% on \$25,000,000 Capital Stock or \$750,000 annually for three years  
from January 1, 1925,  
4% on \$25,000,000 Capital Stock or \$1,000,000 annually for ten years  
from January 1, 1928,  
5% on \$25,000,000 Capital Stock or \$1,250,000 annually from January 1, 1938 to May 10, 2922.

In addition to the foregoing money rental the Lessees agree to pay the interest charges on the outstanding funded debt of and guaranteed by Carolina, Clinchfield and Ohio Railway (totaling \$30,024,000 as of October 31, 1924) and on any bonds that may be issued to refund the same; all taxes upon the franchises and leased property and income thereof, and a sum equal to the annual corporate expenses of the Lessors not in excess of \$12,000 per annum. All rental payments under the lease are the joint and several obligations of the Atlantic Coast Line Railroad Company and the Louisville & Nashville Railroad Company.

The lease expressly provides that in case of the issuance of any additional capital stock of the Railway, it shall be stock of a class which has no right to participate in any dividends declared from the money rentals above mentioned.

**EARNINGS OF LESSEES:** The combined earnings of the Atlantic Coast Line Railroad Company and the Louisville & Nashville Railroad Company, the Lessees, as compiled from their annual reports, are as follows (eliminating dividends received by Atlantic Coast Line Railroad Company from the Louisville & Nashville Railroad Company):

Year Ended December 31	Gross Operating Revenues	Income Prior to Deduction of Interest and Rentals	Interest and Rentals of Leased Roads	Surplus Over Fixed Charges
1916	\$102,250,206	\$38,081,262	\$13,721,742	\$24,359,520
1917	120,970,718	38,563,035	13,835,329	24,727,706
1918	158,385,121	29,640,858	13,907,069	15,733,789
1919	171,073,981	29,648,553	13,753,972	15,894,581
1920	201,419,487	28,498,045	15,314,233	13,183,812
1921	184,216,544	15,027,868	16,144,661	1,116,793*
1922	191,962,184	36,511,570	16,879,877	19,631,693
1923	217,257,983	40,407,072	17,094,564	23,312,508

\*Deficit

Maximum annual interest charges on the present outstanding funded debt of and guaranteed by the Carolina, Clinchfield and Ohio Railway, together with the maximum annual rental payments on the Stock under the lease, aggregate \$2,860,000, whereas the surplus of the Lessees over all charges as shown above for the eight years ended December 31, 1923 averaged approximately \$17,000,000 per annum. In addition the gross income of Carolina, Clinchfield and Ohio Railway available for charges for the two years ended December 31, 1923 averaged \$2,952,325 per annum.

**DIVIDEND RECORD OF LESSEES:** The Atlantic Coast Line Railroad Company has an unbroken record of dividend payments on its common stock since 1901. The total cash dividends paid since that date amount to approximately \$82,000,000. The Company has outstanding \$68,586,200 common stock on which the present regular dividend rate is 7% per annum. On July 10, 1924 an extra dividend of 1% was paid.

The Louisville & Nashville Railroad Company has an unbroken record of dividend payments since 1899. The total cash dividends paid since that date aggregate approximately \$105,000,000. The capital stock of the Company now outstanding amounts to \$117,000,000, on which dividends at the rate of 6% per annum are now being paid.

**LEASED LINES:** The properties of Carolina, Clinchfield and Ohio Railway and subsidiaries comprise a thoroughly modern railway system extending from Elkhorn City, Ky., to Spartanburg, S. C., and aggregating with branches and trackage rights, about 300 miles of railroad. It is a highly important coal carrying road and originates nearly 50% of its traffic. It has shown an increase in operating revenues from \$8,827 per mile in 1915 to \$29,930 per mile in 1923.

Carolina, Clinchfield and Ohio Railway connects with the Atlantic Coast Line system in South Carolina and it is contemplated to establish in the near future connections with the Louisville & Nashville system. Under the operation of the Lessees, the Carolina, Clinchfield and Ohio Railway becomes a still more important link across the Appalachian Mountains, connecting the southeastern States and other territory tributary to the Atlantic Cost Line Railroad Company with the vast coal fields of Kentucky and other territory tributary to the Louisville & Nashville Railroad Company.

The lease of the properties has been approved by the Interstate Commerce Commission.

It is expected that application will be made in due course to list this stock on the New York Stock Exchange.

All offerings are made "when, as and if received."

**PRICE \$78.50 PER SHARE TO YIELD ABOUT 5.50%**

Based on the annual money rentals specified above.

For the convenience of those preferring a uniform \$5 annual rate from January 1, 1925, arrangements will be made upon payment of an additional sum at the time of delivery of stock (approximately \$13.65 per share based on payment Dec. 1, 1924) for the delivery of special certificates entitling the holder to receive in addition to the dividends a further payment of \$2 annually for the three years commencing January 1, 1925 and \$1 annually for the 10 years from January 1, 1928. Those desiring special certificates are requested to so indicate when entering orders for stock.



## Carolina, Clinchfield and Ohio Railway

November 17, 1924.

BLAIR & CO., Inc.,  
New York, N. Y.

Dear Sirs:

In response to your request, I take pleasure in giving you the following particulars concerning the Carolina, Clinchfield and Ohio Railway and the joint lease of its properties by the Atlantic Coast Line Railroad Company and the Louisville & Nashville Railroad Company.

### CAPITALIZATION

The Carolina, Clinchfield and Ohio Railway, which is now operated under lease by the Atlantic Coast Line Railroad Company and the Louisville & Nashville Railroad Company, is a corporation organized under the laws of Virginia. In accordance with the terms of the lease of its properties, the Carolina, Clinchfield and Ohio Railway has made certain adjustments in its outstanding capitalization, including the retirement and cancellation of \$5,000,000 15-Year 6% Cumulative Income Debentures and \$11,500,000 6% Non-Cumulative Preferred Stock.

The outstanding capitalization as of October 31, 1924, was:

#### Funded Debt:

\$13,950,000 First Mortgage 5% 30-Year Gold Bonds, due June 1, 1938  
8,000,000 First and Consolidated Mortgage 6% 30-Year Gold Bonds,  
due December 15, 1952  
195,000 Lick Creek & Lake Erie Railroad Company First Mortgage  
5% 30-Year Gold Bonds, due January 1, 1933  
7,879,000 Equipment Trust Notes and other Obligations

#### Capital Stock:

\$25,000,000 par value Capital Stock (\$100 shares)

This Capital Stock in opinion of counsel is exempt from Virginia personal property tax.

Dividends on the Capital Stock of Carolina, Clinchfield and Ohio Railway will be payable quarterly, commencing April, 1925, in April, July, October and January on dates to be determined by the Board of Directors.

### TERMS OF LEASE

The Atlantic Coast Line Railroad Company and the Louisville & Nashville Railroad Company, under an indenture dated October 16, 1924, have leased the properties of the Carolina, Clinchfield and Ohio Railway and subsidiaries for a period of 999 years from May 11, 1923, at an annual money rental as follows:

3% on \$25,000,000 Capital Stock, or \$750,000 annually for three years from January 1, 1925.  
4% on \$25,000,000 Capital Stock or \$1,000,000 annually for ten years from January 1, 1928.  
5% on \$25,000,000 Capital Stock, or \$1,250,000 annually from January 1, 1938 to May 10, 2922.

In addition to the foregoing money rental, the Lessees agree to pay the interest charges on the outstanding funded debt of and guaranteed by the Carolina, Clinchfield and Ohio Railway and on any bonds that may be issued to refund the same.

The lease also provides that the Lessees will pay all charges and other expenses in connection with the payment of interest, shall pay all taxes upon the franchises and leased property and the income thereof, and shall also pay a sum equal to the annual corporate expenses of the Lessors not in excess of \$12,000 per annum. All rental payments under the lease are the joint and several obligations of the Atlantic Coast Line Railroad Company and the Louisville & Nashville Railroad Company.

The lease expressly provides that in case of the issuance of any additional capital stock of the Railway, it shall be stock of a class which has no right to participate in any dividends declared from the money rentals above mentioned, which money rentals have been fixed at the amount specified for the purpose of enabling the Railway to pay dividends upon the \$25,000,000 par value capital stock at the rates and for the periods above mentioned, and are not intended to be used for any other purposes whatsoever. In consideration of these money rentals, the stockholder of the shares which you are about to offer agrees with the Lessees that he will vote his stock in such manner as is necessary to carry out the provisions of the lease from time to time.

The payment of the above-mentioned annual money rental is to be made in equal quarterly instalments beginning April 1, 1925, to enable the Lessor to pay dividends upon its \$25,000,000 capital stock at the rates specified.

### EARNINGS OF LESSEES

The combined earnings of the Atlantic Coast Line Railroad Company and the Louisville & Nashville Railroad Company, which jointly agree to pay the above-mentioned rentals as compensation for the use of the properties, are as follows (eliminating dividends received by Atlantic Coast Line Railroad Company from the Louisville & Nashville Railroad Company):



Year Ended December 31	Gross Operating Revenues	Income Prior To Deduction of Interest and Rentals	Interest and Rentals of Leased Roads	Surplus over Fixed Charges
1916.....	\$102,250,206	\$38,081,262	\$13,721,742	\$24,359,520
1917.....	120,970,718	38,563,035	13,835,329	24,727,706
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1921.....	184,216,544	15,027,868	16,144,661	1,116,793*
1922.....	191,962,184	36,511,570	16,879,877	19,631,693
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Maximum annual interest charges on the present outstanding funded debt of and guaranteed by the Carolina, Clinchfield and Ohio Railway, together with the maximum annual rental payments on the stock under the lease, aggregate \$2,860,000, whereas the surplus of the Lessees after all charges as shown above for the eight years ended December 31, 1923, averaged approximately \$17,000,000 per annum. In addition the gross income of Carolina, Clinchfield and Ohio Railway available for charges for the two years ended December 31, 1923, averaged \$2,952,325 per annum.

#### DIVIDEND RECORD OF LESSEES

The Atlantic Coast Line Railroad Company has an unbroken record of dividend payments on its common stock since 1901. The aggregate cash dividends paid on its common stock since 1901 amounted to approximately \$82,000,000. The Company has outstanding \$68,586,200 common stock, on which the present regular dividend rate is 7% per annum. On July 10, 1924, an extra dividend of 1% was paid.

The Louisville & Nashville Railroad Company has an unbroken record of dividend payments since 1899. Since that date it has paid total cash dividends aggregating approximately \$105,000,000. The capital stock now outstanding amounts to \$117,000,000, on which dividends at the rate of 6% per annum are being paid.

#### DESCRIPTION OF LEASED LINES

The properties of the Carolina, Clinchfield and Ohio Railway and subsidiaries comprise a thoroughly modern railway system, one of the best equipped in the United States. The main line extends from Elkhorn City, Ky., to Spartanburg, S. C., aggregating, with branches and trackage rights, about 300 miles. The railway is not only a highly important coal carrying road, but is now established as a most direct and serviceable gateway between the central west and southeastern territory for miscellaneous tonnage. Considered as an individual property, the Carolina, Clinchfield and Ohio Railway originates nearly 50% of its traffic and has shown an increase in operating revenues from \$8,827 per mile in 1915 to \$29,930 per mile last year.

The earnings of the Carolina, Clinchfield and Ohio Railway for the last two years have been as follows:

Year Ended Dec. 31	Total Operating Revenue	Gross Income (Including other Income) Available For Charges	Fixed Charges, Etc.	Surplus Over Fixed Charges
1922.....	\$7,608,602	\$3,024,362	\$1,586,995	\$1,437,367
1923.....	9,257,319	2,880,289	1,570,411	1,309,878

#### LESSEES' SYSTEMS

The Atlantic Coast Line Railroad Company was originally chartered in Virginia in 1836 as the Richmond & Petersburg Railroad Company. The Company operates a system of approximately 4,866 miles of railroad extending from Richmond and Norfolk to the southern end of Florida and reaching the cities of Richmond, Norfolk, Charleston, Wilmington, N. C., Atlanta, Montgomery, Augusta, Savannah, Jacksonville and Tampa. The Company owns a majority of the capital stock of the Louisville & Nashville Railroad Company.

The Louisville & Nashville Railroad Company has been in continuous and successful operation since 1859 and, as now constituted, represents the result of more than a half century's development and growth. Including mileage of controlled or jointly owned or leased companies and mileage owned but operated under separate organizations, the system comprises about 7,690 miles of railroad, extending from Chicago, Cincinnati, St. Louis and Memphis through the middle South by way of Nashville, Atlanta, Birmingham, Montgomery, Augusta and other important centers, and terminating at New Orleans, Mobile and Pensacola on the Gulf of Mexico.

The Clinchfield System connects in South Carolina with the Charleston & Western Carolina Railway Company, which is part of the Atlantic Coast Line system, and this railroad will be modernized and developed to meet the increased traffic. It is contemplated to establish in the near future connections with the Louisville & Nashville System, which will afford two additional routes for the interchange of traffic between the central west and southeast over the Carolina, Clinchfield and Ohio Railway.

Under the operation of the Lessees, the Carolina, Clinchfield and Ohio Railway becomes a still more important link across the Appalachian Mountains, connecting the southeastern States and other territory tributary to the Atlantic Coast Line Railroad Company with the vast coal fields of Kentucky and other territory tributary to the Louisville & Nashville Railroad Company.

The lease of the properties of the Carolina, Clinchfield and Ohio Railway and subsidiaries to Atlantic Coast Line Railroad Company and Louisville & Nashville Railroad Company has been approved by the Interstate Commerce Commission.

Application will be made in due course to list the stock of the Carolina, Clinchfield and Ohio Railway on the New York Stock Exchange.



